

**CHAPTER NO. 640****SENATE BILL NO. 3340****By Graves, Kurita, Ketron, McLeary****Substituted for: House Bill No. 3361****By Curtiss, McKee, McDaniel, Todd, Davidson, Hensley, Lynn, Black, Phillip Johnson,  
Rowland, Bittle, Vincent, Eldridge**

AN ACT to amend Tennessee Code Annotated, Title 3 and Title 56, relative to the costs of health insurance mandates.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 3, Chapter 2, is amended by deleting Section 3-2-111 in its entirety and by substituting instead the following new language:

3-2-111. (a) As used in this section, unless the context other requires:

(1) "Mandated health benefit" means a benefit or coverage that is proposed to be required by law or that is required by law to be offered or provided by a health insurance issuer including, but not limited to, coverage for or the offering of specific health care services, treatments, diagnostic tests or practices; and

(2) "Health insurance issuer" means any entity subject to the insurance laws of this state or subject to the jurisdiction of the Department of Commerce and Insurance that contracts or offers to contract to provide health insurance coverage, including, but not limited to, an insurance company, a health maintenance organization, or a non-profit hospital and medical service corporation.

(b) As of January 2, 2005, upon the completion of all bill filing deadlines in both the House and Senate of each year, legislation containing a mandated health benefit shall be referred to the fiscal review committee in order that it may evaluate the legislation's potential impact on the cost of health insurance premiums.

(1) To the extent that resources are otherwise available, the fiscal review committee may conduct research; receive testimony of experts including advocates of such mandated benefits; receive technical assistance from health insurance issuers; review for purposes of comparison, the mandated health benefits upon health insurance issuers in other states and jurisdictions and the effects of such mandates; and take other actions it determines appropriate for the completion of the assigned tasks. The fiscal review committee may receive pertinent data from health insurance issuers and from advocates of mandated benefits. Notwithstanding the provisions of Tennessee Code Annotated, Title 10, Chapter 7, Part 1, such data will be held as confidential by the fiscal review committee.

(2) The fiscal review committee may draw on existing expertise within the Departments of Health, Commerce and Insurance, Finance and Administration, the TennCare bureau, and any other state agency or official, to perform these functions. If the fiscal review committee determines that additional resources are needed to evaluate fully a proposal, such request shall be directed to the finance, ways and means committees of the Senate and House of Representatives for consideration of funding as an amendment to the general appropriations act.

(3) The fiscal review committee shall, no later than March 15 of the year in which the legislation is filed, attach to such legislation a statement on the proposed mandated benefit's impact on the premiums for health insurance coverage in Tennessee, especially for employees of companies employing fewer than fifty (50) employees. If the impact cannot be reasonably determined without additional resources, a statement to that effect, including the amount of additional resources needed, shall be included. The impact statement shall be available for the appropriate legislative committee when considering such proposal.

(4) Nothing in this section shall be construed to prohibit any health insurance issuer from voluntarily expanding or eliminating coverage nor to prohibit any individual or employer from electing to expand or eliminate coverage on any health maintenance organization contract or individual or group health insurance policy or contract covering the individual, the employer or employees of the employer, as applicable.

(c) The fiscal review committee is encouraged to inquire into and make recommendations with respect to the costs of:

(1) Each and every state and federally mandated health benefit placed upon health insurance issuers in Tennessee since 1990; and

(2) The impact of each such mandated health benefit on the premiums for health insurance coverage in Tennessee, especially on employees of companies with fewer than fifty (50) employees.

(3) In accordance with this subsection, the fiscal review committee is encouraged to make a final report with recommendations to the general assembly no later than January 1, 2006.

(4) The fiscal review committee may draw on existing expertise within the Departments of Health, Commerce and Insurance, Finance and Administration, the TennCare bureau, and any other state agency or official, to perform these functions. If the fiscal review committee determines that additional resources are needed to evaluate fully a proposal, such request shall be directed to the finance, ways and means committees of the Senate and House of Representatives for consideration of funding as an amendment to the general appropriations act.

SECTION 2. The fiscal review committee shall perform its duties under this act within its existing budgeted resources unless additional resources are provided in the general appropriations act.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: April 26, 2004**

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 10<sup>th</sup> day of May 2004**

  
PHIL BREDESEN, GOVERNOR